

## IMPLEMENTATION OF ORGANIZATION DEVELOPMENT- CASE STUDY IN BANK MUAMALAT INDONESIA

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**Abstract—** *The current position of Bank Muamalat Indonesia (BMI) is in the transformation phase, namely to accelerate business growth. The acceleration is closely related to competitiveness owned by BMI. The trend of diminishing productivity level of BMI's employees is a challenge for the bank to process improvement. Some factors that may affect employee's productivity are the variables of Organization Development (OD) which can be grouped into business strategy variable, technology & organization structure, human resource and human process variable. Measurement of employee's productivity which is the best practices in BMI is the partial productivity that is based on total assets per employee. From the results of the assessment of BMI's Supervisor, so the root causes are following : BMI has not concerned operation efficiency and the customer's needs in its business strategy; the development & application of new working methods design and process of product development banking to improve aspects of techno-structural still have not been optimal; the weak utilization of training for the employees' competencies development which had been obtained by the bank; and there were only a number of people have done sharing and work in ad hoc team. Referring to the results of analysis above, then we can see that the study proposed four (4) basic programs for the improvement of productivity for BMI, namely : (1) Budgetary Control Program (Marketing Budget Improvement & Procurement Function Improvement); (2) Work Design Improvement Program (Standard Operating Procedure (SOP) of Marketing and Operation Staff's Activities Improvement); (3) Training Program (Service Training, Marketing & Time management Training); and (4) Sharing Program (Knowledge Cafe and Board & Employees Gathering).*

**Keywords :** *Islamic Banking, Employee's Productivity, Organization Development*

### 1. Introduction

The aggressive business growth in 2011 was part of BMI's strategy to begin to accelerate its business growth. In turn, this will support BMI's ultimate aim of becoming a leading sharia bank in Indonesia. One of the major challenges in regards business development throughout 2011 was the limited availability of human resources, in terms of the needed numbers as well as the required competence (Bank Muamalat Indonesia, 2012).

To locate the level of productivity of BMI's employees, PermataBank be the benchmark. In 2007, the level of employees' productivity of BMI's employees was still at 80% on the level of productivity of PermataBank's employees. But in 2010 and 2011, the level of employees' productivity of the Bank was declined to a level of 51 % and 55 % on the level of productivity of PermataBank's employees. Productivity of BMI's employees is the total assets compared with the number of employees. (Bank Muamalat Indonesia, 2012; PermataBank, 2012).

## 2. Business Issue Exploration

### 1. Conceptual Framework

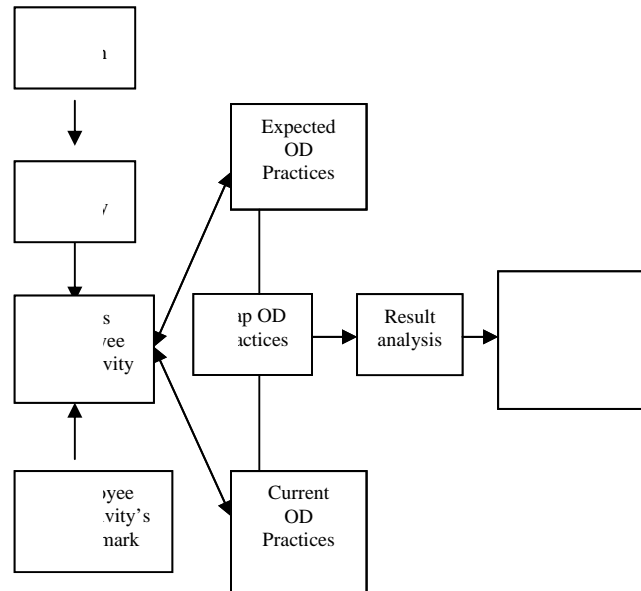


Figure 1. Conceptual Framework

Productivity measurement in general requires the identification of meaningful input and output parameters (Charnes et al., 1978) on which the calculations can be based. Grönroos and Ojasalo (2004) proposed a model for conceptualizing the productivity of services (Figure 2). On the input side, denote any resources necessary to perform the service process, encompassing information systems, personnel, information, time and so forth. Based on utilizing the input factors, the activities contained in the service process are carried out. The result of a service process is an output (Becker, Beverungen, Breuker, Dietrich, Knackstedt, & Rauer, 2000)

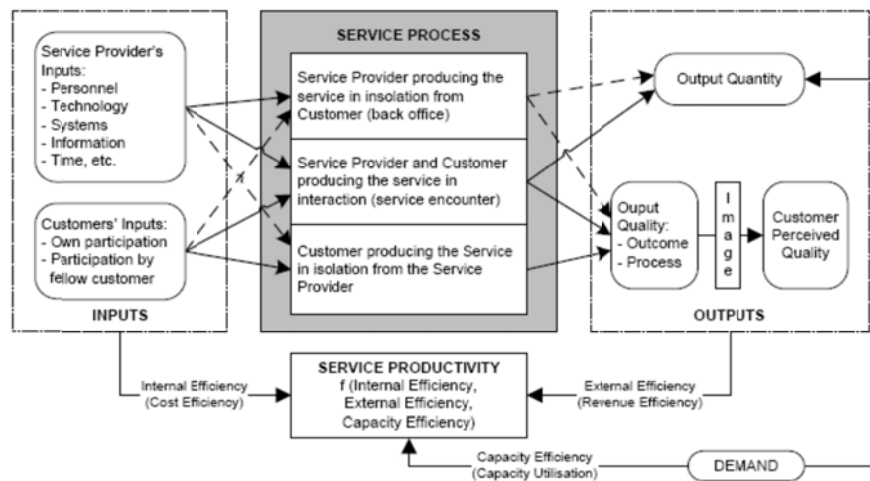


Figure 2. Service productivity model of Grönroos and Ojasalo Source : Becker, Beverungen, Breuker, Dietrich, Knackstedt, & Rauer (2000)

BMI need to make changes that occurred over the issue all the above factors which are the variables of Organization Development (OD) which can be grouped into business strategy variable, technology & organization structure variable, human resource variable and human process variable to increase the productivity of its employees (see Figure 3).

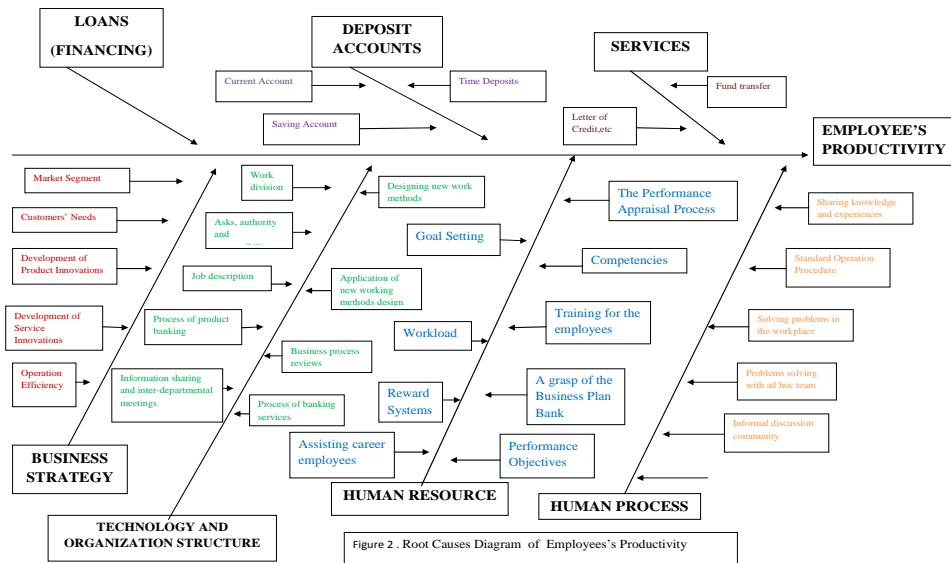


Figure 3. Root Causes Diagram of Employees Productivity

## 2. Method of Data Collection and Analysis

The methodology used in this research is Quantitative Research. This method is called quantitative method for research data in the form of figures and statistical analysis using (Sugiono, 2011). A survey design provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. From sample results, the researcher generalizes or makes claims about the population (Creswell, 2003). When the researcher used this method on the grounds, the researcher did not examine further the relationship between the variables affect each other. This study just want to get a picture of actual conditions and the tendency of that expected from a single population. Questionnaire instrument prior to process and test the validity and reliability for each item questions. After that, the new statistical data processing performed by finding the mean (average value) for each respondents answers. The mean value of each item is averaged into every dimension of measurement and then the data presented in the form of spider chart.

Questionnaires are distributed to BMI's Supervisors consists of 74 people as Branch Manager, 2 people as Business Manager, 9 Area Managers and 16 people as the Division Head. Only 76 of 101 Questionnaires were collected back (73 75 %). The questionnaires that appropriate for analysis were 76 questionnaires.

## 3. Business Solution

### III.1. Business Strategy

Organizations need to decide what products or services they will provide and the markets in which they will compete, as well as how to relate to their environments and how to transform themselves to keep pace with changing conditions (Cumming & Woley, 2009).

Table 1. Results of calculation of the average of items (Mean) from Business Strategy Variable

No.	Item	Mean		
		Current Condition	Expected Condition	Gap
1	Market Segment	2.67	3.62	0.95

2	The Customers' Needs	2.57	3.64	1.08
3	The Development of Product Innovations	2.66	3.61	0.95
4	The Development of Service Innovations	2.79	3.61	0.82
5	Operation Efficiency	2.38	3.45	1.07

From the data above of Business Strategy Variable (see Table 1), the weakest condition is the operation efficiency, its value equals to 2.38 and the other lower is the customer's needs which is 2.57. This implies that the organization has not concerned operation efficiency and customer's needs in its business strategy. For the future, operation efficiency and customer's needs should become a special concern for the bank improved on those aspects. On the other side, generally it has the same relative value, but the assessment on concerning the customers'needs has the greatest value, which is 3.64. This implies that the respondents have the highest attention concerning customers'needs to fully support the implementation of OD in BMI. According to the gap between current condition dan expected condition, also has the same relative value, but assessment on the customer's needs has the greatest value, which is 1.08.

### III.2. Technology and Organization Structure

According to Cumming & Woley (2009), OD methods for dealing with this structural and technological issues are called technostructural interventions and include OD activities relating to organization design, employee involvement, and work design.

Table 2. Results of calculation of the average of items (mean) from Technostructural Variable

No	Item	Mean		
		Current Condition	Expected Condition	Gap
1	Work division	2.24	3.47	1.24
2	Asks, authority and responsibility division	2.47	3.59	1.12
3	Job description	2.57	3.61	1.04
4	Information sharing and interdepartmental meetings	2.30	3.42	1.12
5	Process of product banking development	2.04	3.58	1.54
6	Process of banking services development	2.37	3.57	1.20
7	Business process	2.32	3.49	1.17

	reviews			
8	Designing new work methods	1.95	3.30	1.36
9	Application of new working methods design	2.05	3.54	1.49

In the result of Technology & Organization Structure Variable showed above (see Table 2), designing new work methods, process of product banking development and application of new working methods design have the lower value which are equal to 1.95, 2.04 and 2.05. This means that, in some ways, those process has been done. Furthermore, the development & application of new working methods design and process of product banking development are particular concern to improve aspects of techno-structural. On the side of hope, respondents generally have a relatively equal value, but the assessment on job description have the greatest value, which is 3.61. This implies that the respondents have highest expectations on job description for the implementation of OD in the bank. The gap between current condition dan expected condition of process of product banking development and application of new working methods design have the greater value which are 1.54 dan 1.49.

### III.3. Human Resource

These issues are related with attracting competent people to organization, setting goals for them, appraising and rewarding their performance, and ensuring that they develop their careers and can manage stress. OD techniques aims at these issues are called human resources management interventions: Performance management, Developing Talent and Managing Diversity (Cumming & Woley, 2009).

Table 3. Results of calculation of the average of items (Mean) from Human Resource Variable

No	Item	Mean		
		Current Condition	Expected Condition	Gap
1	Competencies	2.08	3.62	1.54
2	Workload	2.59	3.50	0.91
3	Goal Setting	3.16	3.67	0.51
4	A grasp of the Business Plan Bank	2.33	3.58	1.25
5	Performance Objectives	2.64	3.57	0.92
6	The Performance Appraisal Process	2.67	3.66	0.99
7	Reward Systems	2.26	3.57	1.30
8	Assisting career employees	2.42	3.51	1.09
9	Training for the employees	1.99	3.61	1.62

In Human Resource Variable (see Table 3), the greatest concern is the aspect of regular training for the development of the employees' competencies. This implies weak utilization of training for the employees' competencies development which had been obtained by the bank. Training for the employees having the lowest value, which is equal to 1.99 and the other lower is competencies which is 2.08. It means only a small fraction of this item from total in the bank. Furthermore, the existence of human capital division who manages the training for employees's competencies needed in order to become a major concern increased training. In addition, the respondents generally have a relatively equal value, but the assessment on setting a target of employees' performance has the greatest value, which is 3.67. This implies that the respondents have the highest expectations in the aspect of goal setting on process for the implementation of OD in the bank. The gap between current condition dan expected condition of competencies and training for the employees have the greater values are 1.54 and 1.62.

#### III.4. Human Process

These issues have to do with social process occurring among organization members, such as communication, decision making, leadership, and group dynamic. OD methods focusing on these kinds of issues are called human process interventions; included among them are some of the most common OD techniques, such as conflict resolution and team building (Cumming & Woley, 2009).

Table 4. Results of calculation of the average of items (Mean) from Human Process Variable

No	Item	Mean		
		Current Condition	Expected Condition	Gap
1	Sharing knowledge and experiences	2.38	3.51	1.13
2	Informal discussion community	2.14	3.43	1.29
3	Solving problems in the workplace	2.50	3.45	0.95
4	Problems solving with ad hoc team	2.17	3.21	1.04
5	Standard Operation Procedure	2.58	3.58	1.00
6	The proposal of the employees	2.34	3.42	1.08
7	Transformational leadership	2.67	3.59	0.92

In human process variable (see Table 4), encouraging the growth of informal discussion community and problems solving with ad hoc team to improve company performance have the lower value, namely by 2.14 and 2.17. It means that it is only a number of people have done sharing and work as ad hoc team. However, the topics of discussion the employees have should be concerning about raising the achievement of human process value. In addition, respondents generally have a relatively equal value, but the assessment on implementing transformational leadership in achieving the business vision has the greatest value, which is 2.67 . This implies that the respondents have the highest expectations in the aspect of implementing transformational leadership in achieving the business vision for the implementation of OD in the bank. The gap between current condition dan expected condition of sharing knowledge and experiences, and informal discussion community have the greater values are 1.13 and 1.29.

#### 4. Conclusion and Implementation Plan

In accordance with the strategic plan of BMI, which has been described previously, the current position of BMI is in the transformation phase (2011-2012), namely to accelerate business growth. The acceleration is closely related to competitiveness owned by BMI. BMI will have a competitive edge among others with the ability of employees to work more productive. Production approach see financial institutions as a producer of deposit accounts and loans; define output as the sum of these accounts or from related transactions. Inputs in this case is calculated as the sum of labor, capital expenditure on fixed assets and other materials. (Hadad, 2003).

Table 5. Results of calculation of the average score of items (Mean) from each OD Variables which has the lower score

No	Variabel OD	Items with the lower score
1.	Business Strategy	Operation efficiency (2.38) and the customer needs (2.57)
2.	Technology and Organization Structure	Designing new work methods (1.95), process of product development banking (2.04) and application of new working methods design (2.05)
3.	Human resources	Training for the employees (1.99) and competencies (2.08)
4.	Human Process	Informal discussion community (2.14) and problems solving with ad hoc team (2.17)

From the above results (see Table 5), BMI's Supervisors considered that BMI's operations could be more efficient with the resources existing today and more concern about the customer's needs. It can also be noted that in conducting daily business activities, BMI's employees are suggested to increase their knowledge and skills related their competencies through training. Employees' training can be conducted parallel with improvements in technology-based work methods. The need for a solid cooperation still needs to be improved by holding informal community on a regular basis and sometimes the ad hoc team will be needed for solving the bank problems.. So the root causes are following : BMI has not concerned operation efficiency and the customer needs in its business strategy; the development & application of new working methods design and process of product development banking to improve aspects of techno-structural still have not been optimal; The weak utilization of training for the employees' competencies development which had been obtained by the bank; and there were only a number of people have done sharing and work in ad hoc team.

Referring to the results of analysis above, then we can see that the study proposed four (4) basic programs for the improvement of productivity for BMI, namely : (1) Budgetary Control Program( Marketing Budget Improvement & Procurement Function Improvement); (2) Work Design Improvement Program (Standard Operating Procedure (SOP) of Marketing and Operation Staff's Activities Improvement); (3) Training Program (Service Training, Marketing & Time management Training); and (4) Sharing Program (Knowledge Cafe and Board & Employees Gathering).

Strategy determines how the organization will use its resources to gain competitive advantage. It may focus on controlling costs (Cummings & Woley, 2009). Budgetary control is the use of the comprehensive system of budgeting to aid management in carrying out its functions like planning, coordination and control (Nangla, 2008). There are several benefits of creating and using a marketing budget. The goal of marketing budget is to control expenses and project revenues (Myentre, 2012). The procurement function needs to be transformed to show it understands and supports business needs and delivers tangible cost savings (Borozanov, 2010) .

Work Design involves creating jobs and works groups for high levels of employee satisfaction and productivity. The most efficient work designs can be determined by clearly specifying the tasks to be performed, the work methods to be used, and the workflow among individuals (Cummings & Woley, 2009)

Training consists of planned programs designed to improve performance at the individual, group, and/or organizational levels. Improved performance, in turn, implies that there have been measurable changes in knowledge, skills, attitudes, and/or social behavior (Cascio, 2003). Service quality begins with people. Quality begins with the development of positive attitudes among all people in the organization. Positive attitudes can be fostered through a coordinated program that begins with employee selection and progresses through training, initial job assignment, and other aspects of career advancement (Fitzsimmons & Fitzsimmons, 2008).

Informal communication is a vital element for any organization (Ergen, 2012). A knowledge café or World Café is a type of business meeting or organisational workshop which aims to provide an open and creative conversation on a topic of mutual interest to surface their collective knowledge, share ideas and insights, and gain a deeper understanding of the subject and the issues involved (Wikipedia, 2012). In addition to increase the level employees involvement with the management, the objective of the discussion forum is to provide participant with the opportunity to exchange ideas and get guidance from members of the Board of Commissioners and Directors. The forum is designed to be casual as such to ensure that the gap is minimized (PermataBank, 2012).

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